



Information especially for employers

employer advisor

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New Employer Requirements for Annual Withholding Reconciliation

Employers must file electronically with the Utah State Tax Commission annually by January 31

Utah made history this past tax season as the first state to identify hackers who filed fraudulent income tax returns.

Thieves made off with fake refunds before the victims even had a chance to file their returns. The Utah State Tax Commission immediately stopped all income tax refund processing. Governor Herbert publically responded by explaining the situation. The news went national as solutions were applied. The resulting cleanup was time consuming and costly.

In response, the Utah Legislature passed legislation allowing the Tax Commission to compare a filer's income tax return with the employer's withholding reports. This measure further protects citizens by checking return accuracy and refund validity.

As part of this legislation, **employers must now electronically file their Utah annual withholding reconciliations (Form TC-941R) and associated W-2s and 1099Rs by January 31.** The legislation is effective beginning with the 2015 reconciliation, which will be due by January 31, 2016.

Employers who do not electronically file their reconciliations, W-2s and 1099Rs by January 31 are subject to the following penalties:

- Filing 15 days after due date — \$30 per W-2 and 1099R (up to \$75,000 per year)
- Filing 31 days after due date — \$60 per W-2 and 1099R (up to \$200,000 per year)

- Filing after June 1 — \$100 per W-2 and 1099R (up to \$500,000 per year)
- Filing the TC-941R reconciliation return after January 31 — \$50

Finally, the legislation prohibits the Tax Commission from issuing income tax refunds before March 1 unless both the employer(s) and employee requesting the refund have filed all required returns and forms. Employers who don't file the annual TC-941R reconciliations, W-2s and 1099Rs electronically by January 31 may cause refund delays for their employees.

Get more information at tax.utah.gov to prepare for these new changes. See Pub 14, Withholding Tax Guide, for withholding instructions and Pub 32, Online Filing and Paying of Withholding and Mineral Production Taxes, for electronic filing instructions.



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Wage Record Survey Update

Evaluation of potential benefits and costs of enhancing the wage record data underway

The Department of Workforce Services sent a survey request in May 2015 to email addresses representing 58,000 employers and their representatives, accounting for approximately three-quarters of all active employers. We received more than 1,600 responses.

This survey was administered by the Workforce Information Council (WIC), which is a national advisory board comprised of state and federal representatives. The Council assists the Department of Labor in overseeing the nation's labor market information system and was established pursuant to the Workforce Investment Act (WIA) of 1998. More recently, the Council was recognized in the proposed regulations of the new Workforce Innovation and Opportunity Act (WIOA) as providing strong foundational information on how to improve labor market and workforce information. Such information is used for personal, business, education, and government policy decisions related to the workforce.

WIC is investigating the potential benefits and costs of enhancing the wage record data that is collected as part of administering the Unemployment Insurance (UI) program. Phase one of this project included an evaluation of current state practices in collecting and using wage record information and surveys of potential user organizations and the payroll industry. Current activities include an evaluation of potential benefits and barriers from the perspective of employers, as well as looking into improvements in reporting simplification and standardization. WIC will issue a final report to summarize the results.

Thank you to the many Utah employers who shared their voice in the process. We are one of only five states to participate in this survey. We appreciate the valuable feedback and insight that you provided as to how this proposed change would impact your business operations.



For further information on the WIC study, please visit:

<http://www.workforceinfocouncil.org/AdministrativeWageRecordEnhancementStudy.asp>

For details regarding authorized uses for Utah wage reports, please visit:

http://le.utah.gov/xcode/Title35A/Chapter4/35A-4-S312.html?v=C35A-4-S312_2015051220150512